

# Nilfisk Q3 Interim Report 2023

Company Announcement

No. 30/2023



**NILFISK**

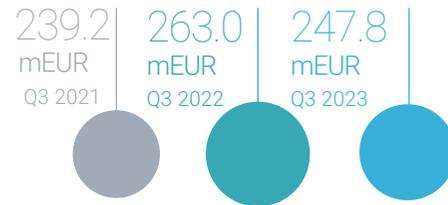


# Financial highlights Q3 2023

## 247.8 mEUR

### Revenue

Down 15.2 mEUR from Q3 2022. FX headwinds lowered revenue by 5.0%, leading to reported growth of -5.8%. Revenue from Consumer increased, while Professional and Specialty declined as lower demand impacted revenue in these segments and in the three regions.



## -0.7 %

### Organic revenue growth

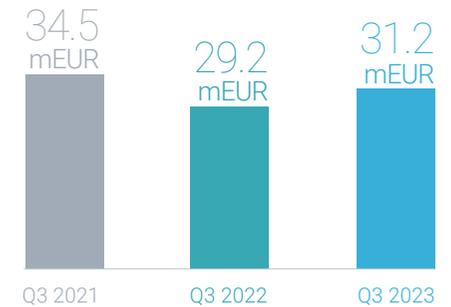
Organic growth of -0.7% against organic growth of 5.4% in Q3 2022. Service and Consumer delivered organic growth of 2.9% and 6.6% respectively. Professional declined 1.9%, driven by weak demand within Private Label and HPW, while the branded part of Professional performed in line with Q3 2022. Specialty declined 12.2%.



## 31.2 mEUR

### EBITDA before special items (bsi)

Up 2.0 mEUR from Q3 2022, positively impacted by the continued gross margin recovery and a decline in overhead costs. The decline in overhead was driven by the structural efficiency improvements initiated in Q2 2023.



## 12.6%

### EBITDA margin bsi

Up 1.5 percentage points from Q3 2022 as the higher gross margin was able to compensate for the decline in revenue, leading to a stable gross profit development. The continued improvement in gross margin came from diligent price management, lower freight costs, and business mix offsetting the ongoing inflation pressures and lower volumes. The reduction in overhead costs also benefited the EBITDA margin.



## 5.8 mEUR

### Profit for the period

Profit for the period came to 5.8 mEUR, down from 7.6 mEUR in Q3 2022. Operating profit bsi rose to 15.7 mEUR compared to 13.8 mEUR Q3 2022, while special items declined to 1.3 mEUR from 3.0 mEUR in Q3 2022. Net financial items rose to a cost of 6.7 mEUR from a cost of 0.9 mEUR in Q3 2022, driven by higher interest expenses and foreign exchange losses (mainly USD).



## 29.8 mEUR

### Free cash flow

Free cash flow increased by 12.1 mEUR compared to Q3 2022 and came to an inflow of 29.8 mEUR. The increase was driven by improved EBITDA, a reduction in working capital, including effects from factoring, and lower investments. The net outflow from financial items and tax impacted the cash flow negatively.



## 271.1 mEUR

### Net interest-bearing debt (NIBD)

NIBD was lowered by 94.0 mEUR from Q3 2022 and 53.6 mEUR from year-end 2022, primarily driven by lower net working capital. Gearing at the end of Q3 2023 stood at 2.0x, down 0.7 compared to prior year, and down 0.3 compared with year-end 2022.





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# Financial highlights for the Group<sup>1</sup>

EUR million	Q3 2023	Q3 2022	9M 2023	9M 2022	Year 2022
<b>Income statement</b>					
Revenue	247.8	263.0	780.7	799.2	1,069.5
EBITDA before special items	31.2	29.2	97.3	101.3	140.8
EBITDA	30.1	26.3	90.3	94.6	133.3
Operating profit (EBIT) before special items	15.7	13.8	51.8	56.1	79.5
Operating profit (EBIT)	14.4	10.8	44.3	47.1	69.6
Special items, net	-1.3	-3.0	-7.5	-9.0	-9.9
Financial items, net	-6.7	-0.9	-8.1	-9.6	-17.0
Profit for the period	5.8	7.6	27.7	28.8	40.6
<b>Cash flow statement</b>					
Cash flow from operating activities	36.0	24.8	100.0	24.9	82.0
Cash flow from investing activities	-6.2	-7.1	-17.0	-18.8	-27.5
– hereof investments in property, plant and equipment	-2.0	-2.2	-5.8	-6.6	-10.5
– hereof investments in intangible assets	-5.8	-3.6	-14.4	-10.8	-15.9
Free cash flow	29.8	17.7	83.0	6.1	54.5
<b>Statement of financial position</b>					
Total assets			826.8	922.2	863.4
Group equity			275.6	266.8	260.7
Working capital			165.6	250.4	202.1
Net interest-bearing debt			271.1	365.1	324.7
Capital employed			546.7	631.9	585.4
<b>Financial ratios and employees</b>					
Organic growth	-0.7%	5.4%	0.6%	5.8%	4.9%
Gross margin	41.2%	39.1%	40.6%	39.3%	39.5%
EBITDA margin before special items	12.6%	11.1%	12.5%	12.7%	13.2%
EBITDA margin	12.1%	10.0%	11.6%	11.8%	12.5%
Operating profit (EBIT) margin before special items	6.3%	5.2%	6.6%	7.0%	7.4%
Operating profit (EBIT) margin	5.8%	4.1%	5.7%	5.9%	6.5%
Financial gearing			2.0	2.7	2.3
Overhead cost ratio	34.9%	33.9%	34.0%	32.3%	32.0%
CAPEX ratio	3.1%	2.2%	2.6%	2.2%	2.5%
Working capital ratio			19.4%	20.4%	21.6%
Return on Capital Employed (RoCE) LTM			13.0%	12.2%	13.4%
Basic earnings per share (EUR)	0.21	0.28	1.02	1.06	1.50
Diluted earnings per share (EUR)	0.21	0.28	1.02	1.06	1.50
Number of full-time employees, end of period			4,681	4,737	4,655

<sup>1</sup> Please find definitions in Note 12.



# Business update Q3 2023

## Business dynamics in Q3

As the economic slowdown continued to negatively impact demand, Nilfisk's diligent price management was not able to fully compensate for declining volumes. As a result, Nilfisk saw negative organic revenue growth in the third quarter of 2023.

The economic slowdown continued in EMEA as in previous quarters, impacting customers' willingness to invest. The slowdown also affected customers in the Americas and growth in the quarter was negatively impacted by the slightly tougher comparison as the second half of 2022 was positively impacted by a large one-off order from Menards. Growth in APAC continued in the quarter, but at a slower pace.

Within the Professional Business, declining demand mostly impacted the sale of Private Label and High-pressure washers. The branded part of Professional performed in line with Q3 2022. The Service Business also delivered growth, with Field Service performing well while the sale of Parts, Accessories and Consumables (PAC) was flattish, as this category was impacted by the general decline in demand for machines. The Specialty Business saw declining demand in EMEA and the Americas in the quarter, leading to lower revenue. Revenue from the Consumer Business returned to growth towards the end of Q2 2023 and grew in Q3 2023 from the lower base of last year.

## Service momentum intact

The Service Business continued to progress in Q3 2023. As a result of our initiatives, we are seeing a shift from ad hoc services to more structured services including planned maintenance. This shift is supported by the sale of service agreements. For the first nine months of 2023, the contract attachment rate on new products increased to 11.8%, up from 9.3% for the same period in 2022.

## Supply and capacity constraints easing

At the end of Q3 2023, the order book remained elevated, but at a lower level than earlier quarters. A significant proportion of the order book remained related to our business in the Americas region, primarily the industrial range. During the quarter, manufacturing output in the Americas continued to improve, as among other things component shortages were reduced. We continued to invest in further capacity expansion for our large Floorcare equipment, alongside working with dual sourcing of key components and production line efficiencies. As a result, supply chain constraints have eased in all production sites except for Brooklyn Park.

## Business Plan 2026 structural efficiency measures implemented

In Q2 2023, we initiated several structural efficiency measures to enable strong long-term performance while harvesting substantial overhead cost savings. The structural adjustments included a new organizational design supporting the rollout of Business Plan 2026.

Most of the initiatives to support the structural efficiency measures were concluded in Q2 and Q3 2023, and the rest are planned for Q4 2023.

## Changes to Nilfisk leadership

Torsten Türling stepped down as CEO of Nilfisk on August 17, 2023 due to family reasons. The Board of Directors appointed Deputy Chair René Svendsen-Tune as interim CEO of Nilfisk as of August 18, 2023. The ongoing search for a new CEO is proceeding as planned.

In January 2023, Nilfisk announced the establishment of the EMEA Region. EVP and Chief Operations Officer (COO) Petros Kapelles temporarily assumed the role as interim General Manager (GM) EMEA Region. On October 1, 2023 Christopher Riau was appointed GM EMEA Region. Christopher had previously been Head of Sales for Europe South, and since March 2023 had served as co-head of

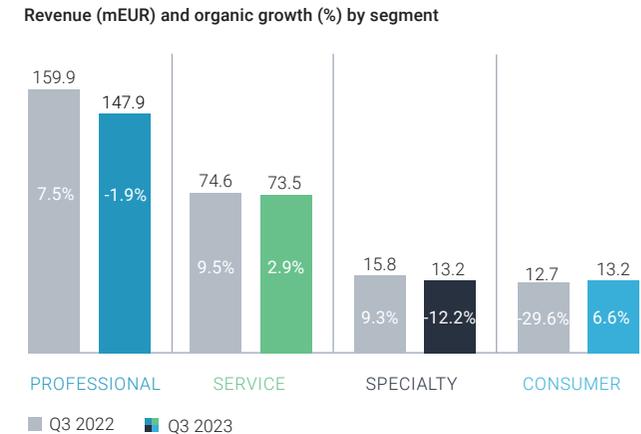
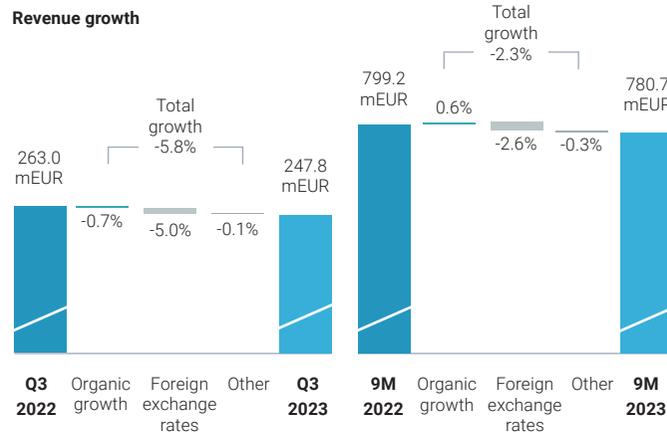
Commercial EMEA. Christopher was also appointed Executive Vice President and member of the Nilfisk Leadership Team (NLT).

After establishing Americas and EMEA as regions, in September 2023 Nilfisk announced that APAC will also be established as a region. With effect from October 1, 2023 Petros Kapelles has been named GM APAC. His goal is to accelerate Nilfisk's already strong growth in the region. Petros will also continue in his role as COO.



# Good progress with gross margin, overhead costs, EBITDA margin bsi, cash flow, NIBD, and gearing

EUR million	Q3 2023	Q3 2022	9M 2023	9M 2022
Revenue	247.8	263.0	780.7	799.2
Gross profit	102.2	102.9	316.9	313.9
Overhead costs	86.5	89.1	265.1	257.8
EBITDA before special items	31.2	29.2	97.3	101.3
Profit for the period	5.8	7.6	27.7	28.8
<b>Financial ratios:</b>				
Organic growth	-0.7%	5.4%	0.6%	5.8%
Gross margin	41.2%	39.1%	40.6%	39.3%
EBITDA margin before special items	12.6%	11.1%	12.5%	12.7%
Overhead cost ratio	34.9%	33.9%	34.0%	32.3%
CAPEX ratio	3.1%	2.2%	2.6%	2.2%



## Revenue

For the total business, Q3 2023 revenue amounted to 247.8 mEUR, corresponding to negative organic growth of 0.7%. The decline was driven by the Professional and Specialty business, while Consumer and Service contributed with growth. Continued strong price execution contributed positively to the overall revenue development, to a large extent offsetting muted customer demand resulting in underlying volume decline in many markets.

Total reported growth was -5.8%, negatively impacted by foreign exchange rate movements in TRY and USD. The decrease in revenue from Q3 2022 to Q3 2023 amounted to 15.2 mEUR.

For the first nine months of 2023, total revenue amounted to 780.7 mEUR, corresponding to organic growth of 0.6%. Total reported growth was -2.3%. Foreign exchange rates had a negative impact of 2.6% on total reported growth mainly due to the depreciation of TRY, USD, NOK, and SEK compared to last year. Furthermore, the exit from Russia impacted reported growth negatively by 0.3%.

## Revenue by segment

Revenue in the Professional Business amounted to 147.9 mEUR in Q3 2023, corresponding to negative organic growth of 1.9%, primarily driven by Private Label and High-pressure washers. The branded part of the Professional Business was in line with prior year, benefitting from growth in Floorcare.

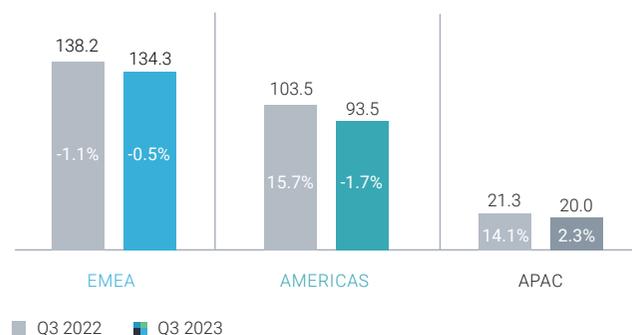
For the first nine months of 2023, revenue in the Professional Business amounted to 455.1 mEUR, corresponding to negative organic growth of 0.3%. The decline was driven by Private Label and High-pressure washers. The branded part of Professional Business grew 1.9% organically, driven by Floorcare.

Revenue in the Service Business came to 73.5 mEUR in Q3 2023, corresponding to organic growth of 2.9%. The continued strategic focus on building Service-as-a-business, including significant pricing efforts, supported growth. For the first nine months of 2023, revenue in the Service Business amounted to 227.4 mEUR corresponding to organic growth of 7.1%. The growth in Service was positively impacted

by the increased shipments of parts compared to the same period last year, which was negatively impacted by the tornado destruction of the US Distribution Center.

Revenue in the Specialty Business amounted to 13.2 mEUR in Q3 2023, corresponding to negative organic growth of 12.2%. The decline in revenue was driven by lower demand in both EMEA and Americas, partly offset by price increases. For the first nine months of 2023, revenue in the Specialty Business amounted to 44.7 mEUR corresponding to negative organic growth of 3.8%.

Revenue in the Consumer Business amounted to 13.2 mEUR in Q3 2023, corresponding to organic growth of 6.6%. The trend for Q3 2023 was positive across most markets in EMEA as the Consumer Business returned to growth towards the end of Q2 2023 from the lower base last year. For the first nine months of 2023, revenue amounted to 53.5 mEUR, corresponding to negative organic growth of 12.4%.

**Revenue (mEUR) and organic growth (%) by region**

**Revenue by region**

The EMEA region saw negative organic growth of 0.5% in Q3 2023, as overall demand continued to be weak across the region. In most markets, low demand was offset by pricing execution resulting in somewhat flat revenue growth, but in Italy and Benelux, the declining demand resulted in negative growth. For the first nine months of 2023, revenue in the EMEA region amounted to 438.8 mEUR, corresponding to negative organic growth of 3.2%.

The Americas region saw negative organic growth of 1.7% in Q3 2023, as demand weakened in North America, which more than offset the impact from continued strong price execution. LATAM delivered strong growth, driven by both higher volume and price increases. For the first nine months of 2023, revenue reached 282.4 mEUR in the Americas region, corresponding to organic growth of 4.9%.

The APAC region delivered organic growth of 2.3% in Q3 2023, driven by continued strong demand in Australia and New Zealand. For the first nine months of 2023, revenue in the APAC region amounted to 59.5 mEUR, corresponding to organic growth of 10.1%. In addition to the strong growth in Australia and New Zealand, China also contributed to growth as the country benefited from the re-opening after COVID-19 related lockdowns.

**Gross margin**

The gross margin was 41.2% in Q3 2023, compared to 39.1% in Q3 2022. The margin was positively impacted by price management, lower freight costs and product mix, mitigating external cost inflation on raw materials and labor rate increases as well as lower volumes. The decline in the sale of High-pressure washers and Private Label supported a favorable business mix effect compared to last year.

For the first nine months of 2023, the gross margin increased to 40.6% compared to 39.3% for the same period last year. This was a result of strong price management across all regions, mitigating external cost inflation on raw materials and labor rate increases.

The gross margin for the Professional Business increased significantly to 40.2% in Q3 2023 up from 35.3% in Q3 2022, driven by a favorable mix of higher Floorcare sales, coupled with realization of price increases and declining freight costs for overseas shipments. For the first nine months of 2023, the gross margin for the Professional Business amounted to 38.1%.

For the Service Business, the gross margin declined to 42.3% in Q3 2023 from 44.9% in Q3 2022, mainly driven by inventory write-offs in the US and changes in the product mix. For the first nine months of 2023, the gross margin for the Service Business amounted to 44.3%.

The Specialty Business gross margin increased to 54.5% in Q3 2023 compared to 53.2% in Q3 2022. For the first nine months of 2023, the gross margin for the Specialty Business amounted to 54.1%.

Finally, the gross margin for the Consumer Business declined to 33.3% in Q3 2023 from 35.4% in Q3 2022, mainly driven by unfavorable product mix and freight costs. For the first nine months of 2023, the gross margin for the Consumer Business amounted to 34.8%.

**Overhead costs and ratio**

Overhead costs in Q3 2023 declined by 2.6 mEUR to 86.5 mEUR compared to 89.1 mEUR in Q3 2022. The decline was driven by the effects of structural cost efficiency measures implemented in Q2 2023, overall cost management, and reduced last mile shipping costs due to lower volumes compared to last year. The overhead cost ratio increased to 34.9%, an increase of 1.0 percentage point compared to Q3 2022, driven by the lower topline.

For the first nine months of 2023, total overhead costs amounted to 265.1 mEUR compared to 257.8 mEUR in the same period of 2022. The increase of 7.3 mEUR was primarily driven by merit increases and investments in Business Plan 2026 initiatives. The overhead cost ratio increased to 34.0%, corresponding to an increase of 1.7 percentage points compared to the same period in 2022.

**Research and development costs**

EUR million	Q3 2023	Q3 2022	9M 2023	9M 2022
Total R&D spend	8.1	7.9	23.9	22.2
Capitalized	4.3	2.9	11.0	8.7
Expensed in the P&L	3.8	5.0	12.9	13.5
<b>R&amp;D ratio (% of revenue)</b>	<b>3.3%</b>	<b>3.0%</b>	<b>3.1%</b>	<b>2.8%</b>
Expensed R&D spend	3.8	5.0	12.9	13.5
Amortization, depreciation, and impairment	2.8	3.5	8.2	9.3
<b>Total R&amp;D costs</b>	<b>6.6</b>	<b>8.5</b>	<b>21.1</b>	<b>22.8</b>

Total R&D spend in Q3 2023 increased slightly by 0.2 mEUR to 8.1 mEUR compared to Q3 2022, corresponding to 3.3% of revenue compared to 3.0% in Q3 2022. Investments in R&D continued in line with Business Plan 2026. Of the total spend, 3.8 mEUR was recognized as an expense in the income statement, while 4.3 mEUR was capitalized. Total reported R&D costs for Q3 2023 amounted to 6.6 mEUR and included amortization and depreciation of 2.8 mEUR. For the first nine months of 2023, total R&D spend was at 23.9 mEUR corresponding to 3.1% of revenue.



Sales and distribution costs in Q3 2023 decreased by 2.4 mEUR to 60.5 mEUR compared to Q3 2022, driven by implementation of the structural efficiency improvements. For the first nine months of 2023, sales and distribution costs amounted to 188.9 mEUR.

Administration costs increased by 0.5 mEUR in Q3 2023 to 19.0 mEUR compared to Q3 2022, primarily due to cost inflation. For the first nine months of 2023, administration costs amounted to 56.9 mEUR.

#### **EBITDA and EBITDA margin**

EBITDA before special items increased by 2.0 mEUR in Q3 2023 compared to Q3 2022 and came to 31.2 mEUR. This corresponded to an EBITDA margin before special items of 12.6%, compared to 11.1% in Q3 2022.

EBITDA amounted to 30.1 mEUR compared to 26.3 mEUR in Q3 2022. The EBITDA margin came to 12.1% compared to 10.0% in Q3 2022 due to the improved gross margin and lower special items.

For the first nine months of 2023, EBITDA before special items amounted to 97.3 mEUR compared to 101.3 mEUR for the first nine months of 2022. This corresponded to an EBITDA margin before special items of 12.5%, which is 0.2 percentage point lower than the same period last year.

EBITDA for the first nine months of 2023 amounted to 90.3 mEUR compared to 94.6 mEUR for the first nine months of 2022, corresponding to an EBITDA margin of 11.6% compared to 11.8% the year before.

#### **Operating profit before special items and operating profit**

Operating profit before special items amounted to 15.7 mEUR, an increase of 1.9 mEUR in Q3 2023 compared to 13.8 mEUR Q3 2022. This corresponded to an operating profit margin before special items of 6.3% compared to 5.2% in Q3 2022.

Operating profit amounted to 14.4 mEUR compared to 10.8 mEUR in Q3 2022. This corresponded to an operating profit margin of 5.8% compared to 4.1% in Q3 2022.

For the first nine months of 2023, operating profit before special

items amounted to 51.8 mEUR compared to 56.1 mEUR for the first nine months of 2022. This corresponded to an operating profit margin before special items of 6.6% for the first nine months of 2023 compared to 7.0% for the same period in 2022. Operating profit amounted to 44.3 mEUR for the first nine months of 2023 compared to 47.1 mEUR in the first nine months of 2022. This corresponded to an operating profit margin of 5.7% for the first nine months of 2023 compared to 5.9% for the first nine months of 2022.

#### **Special items**

Special items, net amounted to 1.3 mEUR in Q3 2023 compared to 3.0 mEUR in Q3 2022. The special items were mainly redundancy and advisory costs incurred in connection with the implementation of structural efficiency measures related to the continued execution of Business Plan 2026. Special items in Q3 2022 was impacted by legal and advisory costs incurred regarding strategic projects such as Business Plan 2026 as well as the liquidation of Nilfisk Russia.

For the first nine months of 2023, special items, net amounted to 7.5 mEUR compared to 9.0 mEUR in the first nine months of 2022, impacted by the same factors as in the quarter.

Details on special items are described in Note 6.

#### **Financial items**

Net financial items amounted to a cost of 6.7 mEUR, compared to a cost of 0.9 mEUR in Q3 2022, driven by higher interest expenses as well as foreign exchange losses mainly from South American currencies subsequent to a depreciating USD rate.

For the first nine months of 2023, net financial items amounted to a cost of 8.1 mEUR, compared to a cost of 9.6 mEUR in the same period of 2022. These items were also impacted by higher interest expenses and foreign exchange losses, offset by income from the realization of a 2-year interest cap instrument.

#### **Tax on profit for the period**

Tax on profit was a cost of 2.1 mEUR compared to a cost of 2.7 mEUR in Q3 2022, driven by the decrease in profit before income taxes.

For the first nine months of 2023, tax on profit amounted to a cost of 9.6 mEUR compared to a cost of 10.0 mEUR in the first nine months of 2022.

#### **Profit for the period**

Profit for the period amounted to 5.8 mEUR compared to 7.6 mEUR in Q3 2022.

For the first nine months of 2023, profit for the period amounted to 27.7 mEUR compared to 28.8 mEUR in the same period of 2022.

#### **Working capital**

As of September 30, 2023 working capital was 165.6 mEUR, a reduction of 84.8 mEUR compared to end of Q3 2022 and a reduction of 36.5 mEUR compared to December 2022.

The decrease compared to Q3 2022 was driven mainly by a decrease in operating working capital.

Trade receivables decreased by 37.6 mEUR primarily from the non-recourse factoring program with a total volume of 25.6 mEUR at the end of September 2023 but also from lower sales.

Inventories decreased by 39.6 mEUR, a continued trend from previous quarters as a result of inventory management and bringing down safety stock levels to a more normalized level.

Trade payables decreased by 12.3 mEUR in correlation with the inventory development as described above.

Other current receivables decreased by 16.6 mEUR, a combination of a reduction in the fair value of financial instruments and received insurance payments for the US Distribution Center. Please also see Note 10 Contingent liabilities.



Other current liabilities decreased by 3.5 mEUR primarily related to a decrease in freight payables from lower freight rates.

The 12-month average working capital ratio came to 19.4% at the end of Q3 2023 compared to 20.4% in Q3 2022, driven by the decrease in average working capital level.

#### Capital employed and RoCE

As of September 30, 2023, capital employed amounted to 546.7 mEUR, down by 85.2 mEUR compared to Q3 2022 and down by 38.7 mEUR from 585.4 mEUR at the end of 2022. The development in capital employed since Q3 2022 was due to the above-mentioned development in working capital.

The return on capital employed was 13.0%. This was up by 0.8 percentage point from Q3 2022 and down by 0.4 percentage point compared to end of 2022.

#### Cash flows

Cash flow from operating activities for Q3 2023 amounted to a net inflow of 36.0 mEUR compared to a net inflow of 24.8 mEUR in Q3 2022. The development compared to Q3 2022 was driven primarily by inflow from changes in working capital, which was positively impacted by the non-recourse factoring program of 25.6 mEUR. Higher net outflow from financial items and tax impacted negatively. Cash flow from investing activities for Q3 2023 was a net outflow of 6.2 mEUR compared to an outflow of 7.1 mEUR in Q3 2022, due to profit from the sale of a property in the quarter.

Free cash flow increased by 12.1 mEUR compared to Q3 2022 and amounted to an inflow of 29.8 mEUR.

For the first nine months of 2023 cash flow from operating activities amounted to an inflow of 100.0 mEUR compared to an inflow of 24.9 mEUR for the same period in 2022. Cash flow was positively affected by inflow from changes in working capital primarily from inventory reduction and lower trade receivables. Cash flow from investing activities for the first nine months of 2023 was an outflow of 17.0 mEUR compared to an outflow of 18.8 mEUR for the same period in 2022.

For the first nine months of 2023 free cash flow was an inflow of 83.0 mEUR compared to an outflow of 6.1 mEUR for the first nine months of 2022.

#### Equity

Equity was 275.6 mEUR at the end of Q3 2023 against 260.7 mEUR at the end of 2022. For the first nine months of 2023, equity was positively impacted by the reported profit for the period partly offset by other adjustments. Other adjustments were driven by foreign exchange rate loss adjustments, value adjustments from hedging, and a share option program decrease deriving from realization of the 2020 performance share program. Please also see Note 9.

#### Net interest-bearing debt

At the end of Q3 2023, net interest-bearing debt stood at 271.1 mEUR, down by 53.6 mEUR versus year-end 2022 due to the decrease in working capital. Compared to Q3 2022, net interest-bearing debt declined by 94.0 mEUR.

The financial gearing at the end of Q3 2023 was 2.0x versus 2.7x a year ago.

#### Subsequent events

Other than as set out above or elsewhere in these condensed consolidated interim financial statements, we are not aware of events subsequent to September 30, 2023 that are expected to have a material impact on the Group's financial position.

### 2023 Outlook

With one quarter left of 2023, we are narrowing our outlook for the full year. We have factored in that the current macroeconomic uncertainty will continue for the remainder of 2023, leading to continued volume decline.

The organic revenue growth for 2023 is expected to be around 0% (previously -2% to 2%).

The EBITDA margin before special items is expected to be around 13% (previously 12% to 14%).

**Around 0%**

Organic revenue growth

**Around 13%**

EBITDA margin before special items

	<b>New outlook November 16, 2023</b>	<b>Previous outlook February 23, 2023</b>
Organic revenue growth	<b>Around 0%</b>	-2% to 2%
EBITDA margin before special items	<b>Around 13%</b>	12% to 14%

*Statements made about the future in this report reflect the Executive Management Boards' current expectations with regard to future events and financial results. Statements about the future are by their nature subject to uncertainty, and the results achieved may therefore differ from the expectations, due to economic and financial market developments, legislative and regulatory changes in markets that Nilfisk operates in, development in product demand, competitive conditions, energy and raw material prices, and other risk factors. See also latest Annual Report for a more detailed description of risk factors.*

*Nilfisk Holding A/S disclaims any liability to update or adjust statements about the future or the possible reasons for differences between actual and anticipated results except where required by legislation or other regulations.*

# Condensed income statement

for the period ended September 30

EUR million	Note	Q3 2023	Q3 2022	9M 2023	9M 2022
Revenue	4,5	247.8	263.0	780.7	799.2
Cost of sales	7	-145.6	-160.1	-463.8	-485.3
<b>Gross profit</b>		<b>102.2</b>	<b>102.9</b>	<b>316.9</b>	<b>313.9</b>
Research and development costs	7	-6.6	-8.5	-21.1	-22.8
Sales and distribution costs	7	-60.5	-62.9	-188.9	-182.8
Administrative costs	7	-19.0	-18.5	-56.9	-52.6
Other operating income		0.6	1.3	3.7	2.4
Other operating expenses		-1.0	-0.5	-1.9	-2.0
<b>Operating profit before special items</b>		<b>15.7</b>	<b>13.8</b>	<b>51.8</b>	<b>56.1</b>
Special items, net	6	-1.3	-3.0	-7.5	-9.0
<b>Operating profit</b>		<b>14.4</b>	<b>10.8</b>	<b>44.3</b>	<b>47.1</b>
Share of profit from associates		0.2	0.4	1.1	1.3
Financial income		0.3	0.8	10.2	1.4
Financial expenses		-7.0	-1.7	-18.3	-11.0
<b>Profit before income taxes</b>		<b>7.9</b>	<b>10.3</b>	<b>37.3</b>	<b>38.8</b>
Tax on profit for the period		-2.1	-2.7	-9.6	-10.0
<b>Profit for the period</b>		<b>5.8</b>	<b>7.6</b>	<b>27.7</b>	<b>28.8</b>
<i>To be distributed as follows:</i>					
Profit attributable to shareholders of Nilfisk Holding A/S		5.8	7.6	27.7	28.8
<b>Total</b>		<b>5.8</b>	<b>7.6</b>	<b>27.7</b>	<b>28.8</b>
<b>Earnings per share (based on 27,126,369 shares issued)</b>					
Basic earnings per share (EUR)		0.21	0.28	1.02	1.06
Diluted earnings per share (EUR)		0.21	0.28	1.02	1.06

# Condensed statement of comprehensive income

for the period ended September 30

EUR million	Note	Q3 2023	Q3 2022	9M 2023	9M 2022
Profit for the period		5.8	7.6	27.7	28.8
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to the income statement:</i>					
Exchange rate adjustments of subsidiaries		4.9	9.5	-1.6	22.8
Value adjustment of hedging instruments:					
Value adjustment for the period		-0.8	3.9	-2.2	4.5
Transferred to cost of sales		0.2	1.7	-0.1	3.9
Transferred to financial income and expenses		-	-	-9.6	-
Tax on value adjustment of hedging instruments		0.2	-1.1	2.9	-2.0
<i>Items that may not be reclassified to income statement:</i>					
Value adjustment of hedging instruments transferred to inventory		-	-0.5	-1.1	0.8
<b>Comprehensive income for the period</b>		<b>10.3</b>	<b>21.1</b>	<b>16.0</b>	<b>58.8</b>
<i>To be distributed as follows:</i>					
Comprehensive income attributable to shareholders of Nilfisk Holding A/S		10.3	21.1	16.0	58.8
<b>Total</b>		<b>10.3</b>	<b>21.1</b>	<b>16.0</b>	<b>58.8</b>



# Condensed statement of financial position

EUR million	Note	September 30 2023	September 30 2022	December 31 2022
<b>Assets</b>				
Goodwill		170.0	173.5	170.4
Trademarks		5.1	6.8	6.1
Customer related assets		2.8	4.4	3.8
Development projects completed		25.6	24.1	24.9
Software, know-how, patents, and competition clauses		17.5	20.1	18.6
Development projects and software in progress		21.3	20.0	20.5
<b>Total intangible assets</b>		<b>242.3</b>	<b>248.9</b>	<b>244.3</b>
Land and buildings		6.5	8.4	6.9
Plant and machinery		4.7	4.4	4.9
Tools and equipment		29.0	28.7	29.3
Assets under construction incl. prepayments		5.1	5.1	4.3
Right-of-use assets		60.8	58.8	57.4
<b>Total property, plant and equipment</b>		<b>106.1</b>	<b>105.4</b>	<b>102.8</b>
Investments in associates		35.3	33.1	33.2
Interest-bearing receivables		0.6	2.1	2.0
Other investments and receivables	8	3.4	11.4	12.0
Deferred tax		25.5	13.9	20.6
<b>Total other non-current assets</b>		<b>64.8</b>	<b>60.5</b>	<b>67.8</b>
<b>Total non-current assets</b>		<b>413.2</b>	<b>414.8</b>	<b>414.9</b>
Inventories		208.6	248.2	220.2
Trade receivables		149.3	186.9	166.7
Interest-bearing receivables		0.3	0.5	0.4
Income tax receivable		3.4	3.3	3.8
Other receivables	8	26.9	43.5	34.7
Cash and cash equivalents		25.1	25.0	22.7
<b>Total current assets</b>		<b>413.6</b>	<b>507.4</b>	<b>448.5</b>
<b>Total assets</b>		<b>826.8</b>	<b>922.2</b>	<b>863.4</b>

EUR million	Note	September 30 2023	September 30 2022	December 31 2022
<b>Equity and liabilities</b>				
Share capital		72.9	72.9	72.9
Reserves		3.1	33.3	14.8
Retained earnings		199.6	160.6	173.0
<b>Total equity</b>		<b>275.6</b>	<b>266.8</b>	<b>260.7</b>
Deferred tax		7.0	6.4	7.3
Pension liabilities		3.9	5.1	4.4
Provisions		5.7	5.6	5.8
Interest-bearing loans and borrowings		229.1	324.0	288.2
Lease liabilities		40.2	38.6	36.9
Other liabilities	8	3.2	3.0	3.1
<b>Total non-current liabilities</b>		<b>289.1</b>	<b>382.7</b>	<b>345.7</b>
Interest-bearing loans and borrowings		4.5	6.9	1.7
Lease liabilities		23.3	23.2	23.0
Trade payables		105.1	117.4	113.2
Income tax payable		12.8	6.1	10.8
Other liabilities	8	101.5	105.0	96.2
Provisions		14.9	14.1	12.1
<b>Total current liabilities</b>		<b>262.1</b>	<b>272.7</b>	<b>257.0</b>
<b>Total liabilities</b>		<b>551.2</b>	<b>655.4</b>	<b>602.7</b>
<b>Total equity and liabilities</b>		<b>826.8</b>	<b>922.2</b>	<b>863.4</b>



# Condensed cash flow statement

for the period ended September 30

EUR million	Note	Q3 2023	Q3 2022	9M 2023	9M 2022
Operating profit		14.4	10.8	44.3	47.1
Depreciation, amortization, and impairment	7	15.7	15.5	46.0	47.5
Other non-cash adjustments		-1.3	-2.0	1.1	1.9
Changes in working capital		12.4	2.5	19.7	-59.9
<b>Cash flow from operations before financial items and income taxes</b>		<b>41.2</b>	<b>26.8</b>	<b>111.1</b>	<b>36.6</b>
Financial income received		0.4	2.3	10.8	6.8
Financial expenses paid		-1.6	-2.2	-12.2	-9.1
Income tax paid		-4.0	-2.1	-9.7	-9.4
<b>Cash flow from operating activities</b>		<b>36.0</b>	<b>24.8</b>	<b>100.0</b>	<b>24.9</b>
Purchase of property, plant, and equipment		-2.0	-2.2	-5.8	-6.6
Sale/disposal of property, plant, and equipment		-	-	3.2	0.3
Purchase of intangible assets		-5.8	-3.6	-14.4	-10.8
Purchase of financial assets		-	-2.6	-1.6	-3.5
Sale/disposal of financial assets		0.1	-	0.1	0.5
Dividend received from associates		1.5	1.3	1.5	1.3
<b>Cash flow from investing activities</b>		<b>-6.2</b>	<b>-7.1</b>	<b>-17.0</b>	<b>-18.8</b>
<b>Free cash flow</b>		<b>29.8</b>	<b>17.7</b>	<b>83.0</b>	<b>6.1</b>
Changes in current interest-bearing receivables		-	-	-	0.1
Changes in current interest-bearing loans and borrowings		-1.5	1.5	0.4	-0.7
Changes in non-current interest-bearing loans and borrowings		-20.6	-5.1	-60.2	21.8
Payment of lease liabilities		-6.9	-6.3	-19.6	-18.3
<b>Cash flow from financing activities</b>		<b>-29.0</b>	<b>-9.9</b>	<b>-79.4</b>	<b>2.9</b>
<b>Net cash flow for the period</b>		<b>0.8</b>	<b>7.8</b>	<b>3.6</b>	<b>9.0</b>
Cash and cash equivalents, at the beginning of the period		24.6	17.1	22.7	15.0
Exchange rate adjustments		-0.3	0.1	-1.2	1.0
Net cash flow for the period		0.8	7.8	3.6	9.0
<b>Cash and cash equivalents, September 30</b>		<b>25.1</b>	<b>25.0</b>	<b>25.1</b>	<b>25.0</b>



# Condensed statement of changes in equity

for the period ended September 30

EUR million	2023					2022				
	Share capital	Foreign exchange reserve	Hedging reserve	Retained earnings	Total equity	Share capital	Foreign exchange reserve	Hedging reserve	Retained earnings	Total equity
<b>Equity, January 1</b>	<b>72.9</b>	<b>5.5</b>	<b>9.3</b>	<b>173.0</b>	<b>260.7</b>	<b>72.9</b>	<b>-0.7</b>	<b>4.0</b>	<b>131.5</b>	<b>207.7</b>
<b>Other comprehensive income</b>										
Exchange rate adjustments	-	-1.6	-	-	-1.6	-	22.8	-	-	22.8
<i>Value adjustment of hedging instruments:</i>										
Value adjustment for the period	-	-	-2.2	-	-2.2	-	-	4.5	-	4.5
Transferred to cost of sales	-	-	-0.1	-	-0.1	-	-	3.9	-	3.9
Transferred to inventory	-	-	-1.1	-	-1.1	-	-	0.8	-	0.8
Transferred to financial income and expenses	-	-	-9.6	-	-9.6	-	-	-	-	-
Tax on value adjustment of hedging instruments	-	-	2.9	-	2.9	-	-	-2.0	-	-2.0
<b>Total other comprehensive income</b>	<b>-</b>	<b>-1.6</b>	<b>-10.1</b>	<b>-</b>	<b>-11.7</b>	<b>-</b>	<b>22.8</b>	<b>7.2</b>	<b>-</b>	<b>30.0</b>
Profit for the period	-	-	-	27.7	27.7	-	-	-	28.8	28.8
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-1.6</b>	<b>-10.1</b>	<b>27.7</b>	<b>16.0</b>	<b>-</b>	<b>22.8</b>	<b>7.2</b>	<b>28.8</b>	<b>58.8</b>
Share option program	-	-	-	-1.1	-1.1	-	-	-	0.3	0.3
<b>Total changes in equity</b>	<b>-</b>	<b>-1.6</b>	<b>-10.1</b>	<b>26.6</b>	<b>14.9</b>	<b>-</b>	<b>22.8</b>	<b>7.2</b>	<b>29.1</b>	<b>59.1</b>
<b>Equity, September 30</b>	<b>72.9</b>	<b>3.9</b>	<b>-0.8</b>	<b>199.6</b>	<b>275.6</b>	<b>72.9</b>	<b>22.1</b>	<b>11.2</b>	<b>160.6</b>	<b>266.8</b>

## Note 1 Significant accounting policies

This interim report has been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for listed companies. The interim report contains condensed financial statements for the Group. No interim report has been prepared for the parent company.

The interim report follows the same accounting policies as the consolidated financial statements in the Annual Report for 2022, which provide a full description of the significant accounting policies.

The financial statement figures are presented in EUR million rounded with one decimal.

### **New reportable segments**

As part of the execution of Business Plan 2026, Nilfisk has changed its business structure and how Management follows up on business performance as of January 1, 2023.

IFRS 8 requires that the reportable segments are based on the internal business structure and management reporting. As a consequence, the reportable segments have been changed and comparative figures have been restated accordingly.

To provide transparency on the changes, a separate company announcement no. 02/2023 was released disclosing full year and quarterly restated segment information for the reporting periods 2022 and 2021. Please see note 4 Segment Information for descriptions of the new segments.

### **New regional structure**

As a consequence of the change in internal reporting, the revenue split in Note 5 is now based on the geographical regions in which the sales companies are located, meaning 'sold-from country', as to prior 'sold-to country'.

Furthermore, the geographical regions have also changed. MEA region is now included in EMEA when it was previously reported as part of APAC & MEA. Europe has consequently changed name to EMEA.

Note 5 has been changed accordingly.

### **Amendments to accounting standards that are mandatorily effective for the current reporting period**

IASB has issued amended standards which apply for the first time in 2023. None of these amended standards and interpretations have had any significant impact on Nilfisk's financial statements.

### **New and amended IFRS standards and interpretations not yet adopted by the EU**

IASB has issued new or amended standards and interpretations which apply for the first time in 2023, but which have not yet been adopted by the EU. Nilfisk expects to adopt the accounting standards as they become mandatory.

The new or amended standards or interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

## Note 2 Key accounting estimates and judgments

When preparing the consolidated financial statements, the use of reasonable estimates and judgments is an essential part. Given the uncertainties inherent in Nilfisk's business activities, the Executive Management Board makes a number of accounting estimates and judgments. The estimates and judgments are based on assumptions which form the basis for recognition and measurement of the Group's assets, liabilities, cash flows and related disclosures. Estimates and judgments are regularly reassessed.

Regarding accounting estimates and judgments, please refer to Note 1.2 of the 2022 Annual Report. Regarding risks please refer to Note 6.3 of the 2022 Annual Report and the information contained in the section on risk management of the 2022 Annual Report. Please also see Note 10 Contingent liabilities.

## Note 3 Seasonal fluctuations

Due to the composition of the Nilfisk business, some degree of seasonality in revenue should be expected. Factors which impact seasonality, are among others, the market for consumer high-pressure washers, holiday season, weather, etc.

Normally, the quarterly operating profit follows the seasonality in revenue.

Cash flow from operations is typically weaker in Q1. Negative changes are seen in working capital in Q1 and Q2 as inventories increase. Working capital normally improves during Q3 and Q4.

## Note 4 Segment information

As described in Note 1, the reportable segments have changed with effect from January 1, 2023.

The prior segment reporting covered three segments: Branded Professional, Consumer, and Private Label and other. The new reporting covers four business segments: Professional, Service, Specialty, and Consumer.

Professional Business covers all revenue from sales of professional machines including Private Label.

Service Business has been carved out from the previous segments and contains service offerings, including service packages and parts, accessories, and consumables (PAC) for the Professional Business and IVS.

Specialty Business, comprising IVS and Nilfisk Food, has been carved out from Branded Professional. Service and PAC are included for Nilfisk Food.

The Consumer Business is unchanged and covers consumer machines, service, and PAC related to consumer products.

Headquarter (HQ) consists of overhead costs which relate to HQ activities.

Comparative figures have been restated accordingly.

EUR million	Professional Business	Service Business	Specialty Business	Consumer Business	HQ	Group
<b>Q3 2023</b>						
Revenue	147.9	73.5	13.2	13.2	-	247.8
Gross profit	59.5	31.1	7.2	4.4	-	102.2
EBITDA before special items	20.2	16.2	4.1	0.1	-9.4	31.2
<i>Reconciliation to profit before income taxes:</i>						
Special items						-1.3
Amortization, depreciation and impairment						-15.5
Share of profit from associates						0.2
Financial income						0.3
Financial expenses						-7.0
<b>Profit before income taxes</b>						<b>7.9</b>
Organic growth	-1.9%	2.9%	-12.2%	6.6%	-	-0.7%
Gross margin	40.2%	42.3%	54.5%	33.3%	-	41.2%
EBITDA margin before special items	13.7%	22.0%	31.1%	0.8%	-	12.6%
<b>Q3 2022</b>						
Revenue	159.9	74.6	15.8	12.7	-	263.0
Gross profit	56.5	33.5	8.4	4.5	-	102.9
EBITDA before special items	12.1	19.0	4.9	-0.2	-6.6	29.2
<i>Reconciliation to profit before income taxes:</i>						
Special items						-3.0
Amortization, depreciation and impairment						-15.4
Share of profit from associates						0.4
Financial income						0.8
Financial expenses						-1.7
<b>Profit before income taxes</b>						<b>10.3</b>
Organic growth	7.5%	9.5%	9.3%	-29.6%	-	5.4%
Gross margin	35.3%	44.9%	53.2%	35.4%	-	39.1%
EBITDA margin before special items	7.6%	25.5%	31.0%	-1.6%	-	11.1%

## Note 4 Segment information (continued)

EUR million	Professional Business	Service Business	Specialty Business	Consumer Business	HQ	Group
<b>9M 2023</b>						
Revenue	455.1	227.4	44.7	53.5	-	780.7
Gross profit	173.3	100.8	24.2	18.6	-	316.9
EBITDA before special items	50.0	55.1	14.4	4.8	-27.0	97.3
<i>Reconciliation to profit before income taxes:</i>						
Special items						-7.5
Amortization, depreciation and impairment						-45.5
Share of profit from associates						1.1
Financial income						10.2
Financial expenses						-18.3
<b>Profit before income taxes</b>						<b>37.3</b>
Organic growth	-0.3%	7.1%	-3.8%	-12.4%	-	0.6%
Gross margin	38.1%	44.3%	54.1%	34.8%	-	40.6%
EBITDA margin before special items	11.0%	24.2%	32.2%	9.0%	-	12.5%
<b>9M 2022</b>						
Revenue	471.5	217.8	47.6	62.3	-	799.2
Gross profit	169.7	97.9	25.5	20.8	-	313.9
EBITDA before special items	45.0	56.6	15.5	5.3	-21.1	101.3
<i>Reconciliation to profit before income taxes:</i>						
Special items						-9.0
Amortization, depreciation and impairment						-45.2
Share of profit from associates						1.3
Financial income						1.4
Financial expenses						-11.0
<b>Profit before income taxes</b>						<b>38.8</b>
Organic growth	8.8%	6.0%	7.5%	-13.7%	-	5.8%
Gross margin	36.0%	44.9%	53.6%	33.4%	-	39.3%
EBITDA margin before special items	9.5%	26.0%	32.6%	8.5%	-	12.7%

## Note 5 Distribution of revenue

### Revenue by geographical regions

As described in Note 1, the regional structure has changed with effect from January 1, 2023, and this note has changed accordingly.

The table below shows a split of revenue based on the geographical regions in which the sales companies are located, meaning 'sold-from country'.

EUR million	2023	2022	Organic growth
<b>Q3</b>			
EMEA region	134.3	138.2	-0.5%
Americas region	93.5	103.5	-1.7%
APAC region	20.0	21.3	2.3%
<b>Total</b>	<b>247.8</b>	<b>263.0</b>	<b>-0.7%</b>
<b>9M</b>			
EMEA region	438.8	465.3	-3.2%
Americas region	282.4	276.8	4.9%
APAC region	59.5	57.1	10.1%
<b>Total</b>	<b>780.7</b>	<b>799.2</b>	<b>0.6%</b>

For information on revenue recognition, see accounting policy described in the Annual Report 2022, Note 2.2.

## Note 6 Special items

EUR million	Q3 2023	Q3 2022	9M 2023	9M 2022
Divestment	-	-0.1	-0.2	3.6
Business restructuring	1.3	3.1	7.7	5.4
<b>Total</b>	<b>1.3</b>	<b>3.0</b>	<b>7.5</b>	<b>9.0</b>

Special items represent income and expenses that have a non-recurring and special nature against normal operating income and costs.

Special items are disclosed separately in the income statement and have been reconciled to the income statement line items as specified in the following table.

Special items recognized in Q3 2023 of 1.3 mEUR were mainly redundancy and advisory costs incurred regarding implementation of structural efficiency measures related to the continued execution of Business Plan 2026.

Special items recognized in Q3 2022 of 3.0 mEUR were mainly legal and advisory costs incurred in regards to strategic projects such as Business Plan 2026. Divestment income in Q3 2022 was related to the liquidation of Nilfisk Russia, which was completed in Q2 2023.

For the first nine months of 2023 special items amounted to 7.5 mEUR compared to 9.0 mEUR for the first nine months of 2022.

For more information regarding special items, please refer to Note 2.4 in the 2022 Annual Report.

EUR million	2023	Special items	2023 adjusted	2022	Special items	2022 adjusted
<b>Q3</b>						
Revenue	247.8	-	247.8	263.0	0.6	263.6
Cost of sales	-145.6	-	-145.6	-160.1	-0.4	-160.5
<b>Gross profit</b>	<b>102.2</b>	<b>-</b>	<b>102.2</b>	<b>102.9</b>	<b>0.2</b>	<b>103.1</b>
Research and development costs	-6.6	-	-6.6	-8.5	-0.1	-8.6
Sales and distribution costs	-60.5	-0.4	-60.9	-62.9	-0.2	-63.1
Administrative costs	-19.0	-0.9	-19.9	-18.5	-3.2	-21.7
Other operating income/expenses, net	-0.4	-	-0.4	0.8	0.3	1.1
Special items, net	-1.3	1.3	-	-3.0	3.0	-
<b>Operating profit</b>	<b>14.4</b>	<b>-</b>	<b>14.4</b>	<b>10.8</b>	<b>-</b>	<b>10.8</b>
Share of profit from associates	0.2	-	0.2	0.4	-	0.4
Financial income/expenses, net	-6.7	-	-6.7	-0.9	-	-0.9
<b>Profit before income taxes</b>	<b>7.9</b>	<b>-</b>	<b>7.9</b>	<b>10.3</b>	<b>-</b>	<b>10.3</b>
Tax on profit for the period	-2.1	-	-2.1	-2.7	-	-2.7
<b>Profit for the period</b>	<b>5.8</b>	<b>-</b>	<b>5.8</b>	<b>7.6</b>	<b>-</b>	<b>7.6</b>
<b>9M</b>						
Revenue	780.7	-	780.7	799.2	1.4	800.6
Cost of sales	-463.8	-0.1	-463.9	-485.3	-2.1	-487.4
<b>Gross profit</b>	<b>316.9</b>	<b>-0.1</b>	<b>316.8</b>	<b>313.9</b>	<b>-0.7</b>	<b>313.2</b>
Research and development costs	-21.1	-1.2	-22.3	-22.8	-0.1	-22.9
Sales and distribution costs	-188.9	-3.3	-192.2	-182.8	-1.0	-183.8
Administrative costs	-56.9	-3.2	-60.1	-52.6	-7.6	-60.2
Other operating income/expenses, net	1.8	0.3	2.1	0.4	0.2	0.6
Special items, net	-7.5	7.5	-	-9.0	9.0	-
<b>Operating profit</b>	<b>44.3</b>	<b>-</b>	<b>44.3</b>	<b>47.1</b>	<b>-0.2</b>	<b>46.9</b>
Share of profit from associates	1.1	-	1.1	1.3	-	1.3
Financial income/expenses, net	-8.1	-	-8.1	-9.6	0.3	-9.3
<b>Profit before income taxes</b>	<b>37.3</b>	<b>-</b>	<b>37.3</b>	<b>38.8</b>	<b>0.1</b>	<b>38.9</b>
Tax on profit for the period	-9.6	-	-9.6	-10.0	-0.1	-10.1
<b>Profit for the period</b>	<b>27.7</b>	<b>-</b>	<b>27.7</b>	<b>28.8</b>	<b>-</b>	<b>28.8</b>

## Note 7 Amortization, depreciation, and impairment

This note shows the split of amortization, depreciation, and impairment for the Nilfisk Group in the condensed income statement.

EUR million	Q3						9M					
	2023		2022		2023		2022		2023		2022	
	Intangible assets	Property, plant and equipment	Total		Intangible assets	Property, plant and equipment	Total					
<b>Amortization and depreciation:</b>												
Cost of sales	0.1	-	4.9	4.6	5.0	4.6	0.1	0.1	14.3	13.4	14.4	13.5
Research and development costs	2.7	2.7	0.1	0.2	2.8	2.9	7.8	7.9	0.4	0.5	8.2	8.4
Sales and distribution costs	0.6	0.8	2.7	2.4	3.3	3.2	1.9	2.4	7.8	7.2	9.7	9.6
Administrative costs	1.9	1.7	2.5	2.4	4.4	4.1	5.8	5.4	7.4	7.1	13.2	12.5
Special items	-	-	0.2	0.1	0.2	0.1	-	-	0.5	0.1	0.5	0.1
<b>Total amortization and depreciation</b>	<b>5.3</b>	<b>5.2</b>	<b>10.4</b>	<b>9.7</b>	<b>15.7</b>	<b>14.9</b>	<b>15.6</b>	<b>15.8</b>	<b>30.4</b>	<b>28.3</b>	<b>46.0</b>	<b>44.1</b>
<b>Impairment:</b>												
Cost of sales	-	-	-	-	-	-	-	-	-	0.3	-	0.3
Research and development costs	-	0.6	-	-	-	0.6	-	0.9	-	-	-	0.9
Special items	-	-	-	-	-	-	-	-	-	2.2	-	2.2
<b>Total impairment</b>	<b>-</b>	<b>0.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.6</b>	<b>-</b>	<b>0.9</b>	<b>-</b>	<b>2.5</b>	<b>-</b>	<b>3.4</b>
<b>Total amortization, depreciation, and impairment</b>	<b>5.3</b>	<b>5.8</b>	<b>10.4</b>	<b>9.7</b>	<b>15.7</b>	<b>15.5</b>	<b>15.6</b>	<b>16.7</b>	<b>30.4</b>	<b>30.8</b>	<b>46.0</b>	<b>47.5</b>

Amortization of acquisition related intangibles were 0.7 mEUR in Q3 2023, hereof 0.1 mEUR included in cost of sales and 0.6 mEUR in sales and distribution costs. In Q3 2022, amortization of acquisition-related intangibles were 0.8 mEUR included in sales and distribution costs.

For the first nine months of 2023 amortization of acquisition-related intangibles were 2.0 mEUR compared to 2.3 mEUR for the same period in 2022.

No impairment losses have been recognized in 2023.

Total impairment for the first nine months of 2022 were 3.4 mEUR. A total of 2.2 mEUR was recognized in special items of which 1.9 mEUR was related to damaged assets in Nilfisk's US Distribution Center and 0.3 mEUR related to the suspension of activities in Russia. Furthermore, 0.6 mEUR impairment of assets was related to a consumer product being outphased and 0.6 mEUR impairment was related to an early-stage research and development project.

## Note 8 Financial instruments measured at fair value

Financial instruments measured at fair value in the balance sheet are designated as belonging to one of the following three categories (the 'fair value hierarchy'):

- Level 1: Listed prices (unadjusted) in active markets for identical assets and liabilities
- Level 2: Input, other than listed prices on Level 1, which is observable for the asset or liability either directly (as prices) or indirectly (derived from prices)
- Level 3: Input for the asset or liability which is not based on observable market data (non-observable input)

Financial instruments measured at fair value have been categorized into Level 2 as addressed in the Annual report 2022, Note 6.3. There have been no significant new items compared to December 31, 2022.

EUR million	September 30 2023	September 30 2022
<b>Financial assets:</b>		
Derivative financial instruments	1.8	19.5
<b>Fair value through other comprehensive income</b>	<b>1.8</b>	<b>19.5</b>
Derivative financial instruments	1.1	4.1
<b>Fair value through profit and loss</b>	<b>1.1</b>	<b>4.1</b>
<b>Financial liabilities:</b>		
Derivative financial instruments	3.0	5.1
<b>Fair value through other comprehensive income</b>	<b>3.0</b>	<b>5.1</b>
Derivative financial instruments	1.7	1.8
<b>Fair value through profit and loss</b>	<b>1.7</b>	<b>1.8</b>
<b>Financial instruments, net</b>	<b>-1.8</b>	<b>16.7</b>

## Note 9 Long-term incentive programs

### Performance share program

In line with the remuneration policy approved by the Annual General Meeting in March 2023, the Nilfisk Leadership Team and selected key employees have been awarded performance shares with a three-year cliff vesting depending on performance measures on EBITDA and Total Shareholder Return (TSR).

Following the announcement of the Annual Report 2022 on February 23, 2023, the 2020 Performance share program vested. The EBITDA and Total Shareholder Return targets were partially met, and 51,231 shares have subsequently been settled and paid out to the participants. The remaining shares for the 2020 performance share program have been reversed.

In Q2 2023, a total of 15 key employees including the Nilfisk Leadership Team were offered participation in the 2023 program with a total of 133,405 performance shares. In Q3, additional 14 participants have been offered participation in the 2023 program. In the first nine months of 2023, Nilfisk has expensed 0.2 mEUR relating to the 2023 performance share program and the number of outstanding shares was 100,672 at September 30, 2023.

For performance share programs awarded in 2021 and 2022 the number of outstanding shares was 106,532 at September 30, 2023. Nilfisk has expensed 0.1 mEUR in the first nine months of 2023 related to the awarded performance shares in 2021 and 2022.

### New warrant-based long-term incentive program

At the Annual General Meeting held on March 23, 2023, Nilfisk obtained shareholder approval for the Board of Directors to issue warrants following an approval of changes to the remuneration policy introducing a new warrant-based long-term incentive program.

The new program is structured as a matching warrant program, meaning that the participation in the program is conditional upon the participants' own investment in shares in Nilfisk. The participants will be awarded warrants which give the holder the right to convert one warrant into one share after a three-year vesting period at a fixed strike price, provided applicable conditions are fulfilled.

At the end of March 2023, the Nilfisk Leadership Team were offered the opportunity to participate in the matching warrant program which could be accepted until August 31, 2023. Warrants will be issued upon the participants' acceptance, fulfillment of the conditions for participation, and approval by the Board of Directors.

At the end of Q3 2023, 165,332 warrants have been issued. The fair value of the warrants was 0.6 mEUR at September 30, 2023.

## Note 10 Contingent liabilities

### Claims filed against Nilfisk

On September 15, 2022, a claim was filed against Nilfisk by the owner of the US Distribution Center building with respect to contractual obligations related to terminating the contract. The resulting costs may exceed the insurance coverage that has already been paid to the landlord.

On October 15, 2022, Nilfisk's insurer filed a lawsuit in Denmark against Nilfisk with respect to the insurance payout for the tornado destruction of the US Distribution Center. As stated in the interim Q3 2022 report, Nilfisk received an insurance payout of 12 mEUR. In Q3 2023, the insurer increased their claim due to further payouts in relation to the Distribution Center. The claim now stands at 19 mEUR.

The Executive Management Board continues to see a high degree of uncertainty related to potential costs for both claims.

### Other contingent liabilities

The Nilfisk Group is engaged in certain disputes, legal proceedings, and inquiries from authorities, including tax authorities, the outcome of which is not expected to materially impact the Group's financial position.

## Note 11 Subsequent events

Other than as set out above or elsewhere in these condensed consolidated interim financial statements, we are not aware of events subsequent to September 30, 2023 that are expected to have a material impact on the Group's financial position.

## Note 12 Definitions

Item	Key figures and ratios	Definition
1	Cash conversion	Cash flow from operations before financial items and income taxes as a percentage of EBITDA
2	Capital employed	Non-current assets less interest-bearing receivables, provisions, pensions, and deferred tax liabilities and working capital
3	CAPEX	Capital expenditure (investments in property, plant, and equipment and intangible assets)
4	CAPEX ratio	CAPEX as a percentage of revenue
5	Days sales outstanding	Accounts receivables (excluding VAT) minus bad debt provision divided with latest three months net sales accumulated up to twelve months and multiplied by 365
6	Diluted earnings per share	Profit (loss) attributable to shareholders of Nilfisk Holding A/S as a percentage of diluted average number of outstanding shares
7	EBITDA before special items	Earnings (profit) before interest, tax, depreciation, amortization, impairment, and special items
8	EBITDA	Earnings (profit) before interest, tax, depreciation, amortization, and impairment
9	EBITDA margin before special items	EBITDA before special items as a percentage of revenue
10	EBITDA margin	EBITDA as a percentage of revenue
11	EBIT before special items	Earnings before interest, tax, and special items (operating profit before special items)
12	EBIT	Earnings before interest and tax (operating profit)
13	EBIT margin before special items	EBIT before special items as a percentage of revenue
14	EBIT margin	EBIT as a percentage of revenue
15	Earnings per outstanding share (EPS)	Profit (loss) attributable to shareholders of Nilfisk Holding A/S relative to average number of outstanding shares
16	Equity value per outstanding share	Equity attributable to shareholders of Nilfisk Holding A/S per outstanding share at December 31
17	Financial gearing	Net interest-bearing debt divided by EBITDA before special items LTM
18	Free cash flow	Cash flow from operating activities less cash flow from investing activities
19	Free cash flow excluding acquisitions and divestments	Free cash flow plus cash flow from acquisition of businesses and less cash flow from divestment of businesses
20	Gross margin	Gross profit as a percentage of revenue
21	Inventory days	Gross inventory divided by latest three months cost of sales excluding amortizations and service department costs accumulated up to twelve months and multiplied by 365
22	Investment ratio	Additions as a percentage of depreciations/amortizations
23	LTM	Latest twelve months
24	Net interest-bearing debt	Current and non-current interest-bearing loans and borrowings less interest-bearing receivables and cash
25	OCI	Other comprehensive income
26	Organic growth	Organic growth in revenue in local currency excluding acquisitions and divestments and foreign exchange rate effects
27	Overhead cost ratio	Overhead costs as a percentage of revenue
28	R&D ratio	Research and development spend as a percentage of revenue
29	Return on capital employed (RoCE)	EBIT before special items LTM as a percentage of average capital employed, calculated by taking the capital employed at the end of the period and at the end of the preceding four quarters
30	Working capital	Current assets minus current and non-current liabilities (excluding interest-bearing items and provisions)
31	Working capital ratio	Average working capital LTM as a percentage of revenue



# Quarterly overview

EUR million	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
<b>Income statement</b>					
Revenue	247.8	276.5	256.4	270.3	263.0
EBITDA before special items	31.2	38.0	28.1	39.5	29.2
EBITDA	30.1	34.1	26.1	38.7	26.3
Operating profit (EBIT) before special items	15.7	22.9	13.2	23.4	13.8
Operating profit (EBIT)	14.4	18.9	11.0	22.5	10.8
Special items, net	-1.3	-4.0	-2.2	-0.9	-3.0
Financial items, net	-6.7	3.7	-5.1	-7.4	-0.9
Profit for the period	5.8	17.3	4.6	11.8	7.6
<b>Cash flow</b>					
Cash flow from operating activities	36.0	43.6	20.4	57.1	24.8
Cash flow from investing activities	-6.2	-3.5	-7.3	-8.7	-7.1
– hereof investments in property, plant and equipment	-2.0	-1.6	-2.2	-3.9	-2.2
– hereof investments in intangible assets	-5.8	-4.2	-4.4	-5.1	-3.6
Free cash flow	29.8	40.1	13.1	48.4	17.7
<b>Statement of financial position</b>					
Total assets	826.8	843.4	855.0	863.4	922.2
Group equity	275.6	265.1	260.8	260.7	266.8
Working capital	165.6	179.6	197.5	202.1	250.4
Net interest-bearing debt	271.1	291.5	317.9	324.7	365.1
Capital employed	546.7	556.5	578.7	585.4	631.9
<b>Financial ratios and employees</b>					
Organic growth	-0.7%	4.3%	-2.0%	2.3%	5.4%
Gross margin	41.2%	40.4%	40.2%	40.0%	39.1%
EBITDA margin before special items	12.6%	13.7%	11.0%	14.6%	11.1%
EBITDA margin	12.1%	12.3%	10.2%	14.3%	10.0%
Operating profit (EBIT) margin before special items	6.3%	8.3%	5.1%	8.7%	5.2%
Operating profit (EBIT) margin	5.8%	6.8%	4.3%	8.3%	4.1%
Financial gearing	2.0	2.2	2.4	2.3	2.7
Overhead costs ratio	34.9%	32.1%	35.1%	31.3%	33.9%
CAPEX ratio	3.1%	2.1%	2.6%	3.3%	2.2%
Working capital ratio	19.4%	20.9%	21.9%	21.6%	20.4%
Return on Capital Employed (RoCE)	13.0%	12.4%	11.7%	13.4%	12.2%
Basic earnings per share (EUR)	0.21	0.64	0.17	0.44	0.28
Diluted earnings per share (EUR)	0.21	0.64	0.17	0.44	0.28
Number of full-time employees, end of period	4,681	4,697	4,684	4,655	4,737



# Management's statement

The Board of Directors and the Executive Management Board have today discussed and approved the Q3 Interim Report of Nilfisk Holding A/S for the period January 1 - September 30, 2023.

The Interim consolidated financial statements, which have not been audited or reviewed by the Group's independent auditor, have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU. The Interim consolidated financial statements have been prepared in accordance with additional Danish requirements.

In our opinion, the Interim Report gives a true and fair view of the Group's assets, liabilities and financial position on September 30, 2023, and the results of the Group's activities and cash flow for the period January 1 - September 30, 2023.

We also believe that the Management's review provides a fair statement of developments in the activities and financial situation of the Group, financial results for the period, and the general financial position of the Group.

In our opinion, the Q3 Interim Report of Nilfisk Holding A/S for the period January 1 - September 30, 2023 identified as 529900FSU45YYVLKB451-2023-09-30.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, November 16, 2023

## Executive Management Board

**René Svendsen-Tune**  
President and CEO

**Reinhard Josef Mayer**  
CFO

## Board of Directors

**Göran Peter Nilsson**  
Chair

**Bengt Anders Lennart Thorsson**

**Are Dragesund**

**Viveka Marianne Ekberg**

**Franck Falezan**

**Ole Kristian Jødahl**

**Jutta af Rosenborg**

**René Svendsen-Tune**

**Gerner Raj Andersen**

**Claus Dalmose**

**Nadia Roya Damiri**

**Marcus Faber Kappendrup**

Nilfisk's Interim Report Q3 2023 was published on November 16, 2023. The report is also available at [www.nilfisk.com](http://www.nilfisk.com).

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